



Your 2018 W-2: What You Need to Know!

Comparing Your Last Pay Stub To Your W-2

When you compare your W-2 against your final pay stub, the amounts may not be the same. There is a reason and it's to your benefit! Your pay stub represents your actual wages earned, taxes paid, deductions taken and subsidies paid on your behalf. Your W-2 is the reportable portion of your wages, taxes withheld and value of your health cost [when applicable]. Your W-2 Wage & Tax Statement is reported to the Internal Revenue Service (IRS), state governments and Social Security Administration (SSA). **If you worked for more than one (1) state agency or worked for more than one (1) payroll system, please remember to add your last paystub from each agency.** To understand how we arrived at your reporting figures, we'll explain the following:

Tax Sheltered Deductions

Deductions such as dental, pharmacy, medical and other voluntary deductions may be exempt from Federal, Social Security/Medicare (FICA), State and/or Local taxes. Mandatory employee retirement contributions are exempt from Federal income tax, but are taxable for Maryland and FICA. Other voluntary deductions such as deferred compensation are only exempt from Federal or State/Local tax, but are subject to FICA taxation. These are a few examples of "Tax Sheltered Deductions".

- **(Box 1) Wages Subject to Federal Income Taxes**

Any earnings or deduction that is not tax sheltered is subject to Federal income tax. Your reportable wages are listed in Box 1 and are to be used to report on your federal income tax return.

- **(Box 3,5) Wages Subject to Social Security/Medicare (FICA) taxes**

Any earnings that are subject to Social Security & Medicare wages are reported in Box 3 & 5. This information is reported to SSA and they will credit your account.

- **(Box 6) Additional Medicare Tax 0.9%**

Employers are required to withhold an additional 0.9% in Medicare Tax on any Medicare wages that exceed \$200,000. It is only imposed on the employee. The additional withholding will continue until the end of the calendar year. All Medicare taxes withheld are combined and reported in Box 6.

- **(Box 10) Dependent Care**

This represents the amount that was deducted from your paycheck under the State's dependent care flex program. Amounts equal or less than \$5,000 is non-taxable and reported in Box 10. Amounts in excess of \$5,000 are treated as taxable income and is reported in Box 1, 3, 5, and 16.

- **(Box 12 Code P) Moving Expense Reimbursements**

Tax Cut and Job Act of 2017 modified the treatment of moving expenses. Reimbursements for moving expenses made to employees or paid directly to third parties on and after **January 1, 2018 through December 31, 2025** are to be included in wages subject to federal income tax, state income tax, and FICA taxes. Taxable moving expense is reported in Box 1, 3, 5, and 16. The only exception to this provision applies to members of the Armed Forces on active duty moving pursuant to a military order.

- **(Box 12 Code DD) Health Cost Reporting**

Patient Protection and Affordable Care Act of 2010 require that employers report the total cost of employer-sponsored health group coverage. This is the aggregate of group health plan coverage for the calendar year. The total includes specific health plans that you and your agency paid. It is for informational purposes. **Code DD is not taxable!**

- **(Box 14) State Pickup Amount**

If you contributed to any mandatory state retirement system, it is reported in Box 14 'STPICKUP'. This gets reported on Maryland Form 502 line 3 (Additions to Income) or Maryland Form 505 line 19 code "G" (Additions to Income). It is not subject to federal tax, but is subject to Maryland state and locality tax. If you are entitled to a refund on your Maryland state tax return, failure to add the "state pickup amount" may result in a delay of your anticipated refund. Supplemental Retirement Annuity (SRA) 401(k), 403(b), 457(b), and ROTH plans are not factored in Box 14. SRAs are reported in Box 12 using their applicable codes.

- **(Box 16) Wages Subject to State Income Taxes**

Any earnings that are subject to state wages are reported in Box 16. Mandatory retirement contributions are subject to Maryland state taxable wages. These wages are reported to Maryland, District of Columbia or West Virginia state governments.

How Do I Balance My W-2?

Using our sample “final” pay stub, we’ll explain the process!

Employee’s Earnings Statement
 STATE OF MARYLAND
 COMPTROLLER OF MARYLAND
 240104 REVENUE ADMIN DIVISION
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Name COMPTROLLER, CATHY		Document ID RG9999
Regular Pay Rate 2882.39	Pay Period Ending Date 12-18-2018	Check/Advice Number 12345678
Mar. Stat. M	Fed. Ex. 0	Additional Fed. Tax 0
St. Ex. 0	Additional St. Tax	County Code BC

MD FILING STATUS: SINGLE

EARNINGS	HOURS	CURRENT	YEAR TO DATE
REGULAR	800	288239	5851500
ACTING CAPACITY		00	59634
×ST PD BENEFITS			
FICA SUBSIDY		19428	422486
PHARMACY SUB		16052	275664
DENTAL SUBSIDY		1164	23268
RET/PEN SUB		46939	895979
UNEMPL INS SUB		711	15459
HEALTH INS SUB		46822	734284

TAXES/DEDUCTIONS	CURRENT	YEAR TO DATE
FEDERAL TAX	20838	472285
FICA/MED	19428	422486
STATE TAXES	15161	339532
PHARMACY PLAN	4013	68912
DEPN CARE ACCT	20833	166664
UCC DENTL DPPO	1164	23280
401K-SAVE	40000	730000
ST EMP ALT PEN	20232	414921
DIR/DEP-CHKNG	138307	3143470
CF BCBS EPO	8263	129584

	Earnings	Taxes	Deductions	Net Pay
Current	288239	55427	94505	138307
Year To Date	5911134	1234303	1533361	3143470

000

CATHY COMPTROLLER
 9999 SOMEWHERE STREET
 BALTIMORE MD 21213

Year to date (YTD) regular earnings are \$58,515.00 and Acting Capacity earnings are \$596.34. The employee in the example actually earned \$59,111.34. Of that money; the amount that will be reported on the W-2 is different because of tax sheltered, pretax deductions and state pickup amount (see “Wages subject to Maryland income tax” in previous section).

It is important to understand that your final pay stub is your record of wages earned, taxes withheld, deductions paid and subsidies paid on your behalf. Your W-2 represents the “reportable” portion of your earnings.

- \$43,777.73** was subject to Federal income tax (W-2 Box 1)
- \$55,226.94** was subject to FICA tax (W-2 Box 3 & 5)
- \$43,777.73** was subject to Maryland income tax (W-2 Box 16)
- \$4,149.21** “STPICKUP” (W-2 Box 14)

Compare figures on your W-2 :

a Employee's social security number 999-99-9999		b Employer identification number 52-6002033		Copy B To Be Filed With Employee's FEDERAL Tax Return							
c Employer's name, address and ZIP code STATE OF MARYLAND CENTRAL PAYROLL BUREAU P.O. BOX 2396 ANNAPOLIS, MD 21404-2396 52-6002033 S.S. # 69-0520001L				1 Wages, tips, other compensation 43,777.73		2 Federal income tax withheld 4,722.85					
				3 Social security wages 55,226.94		4 Social security tax withheld 3,424.07					
				55,226.94		800.79					
				5 Medicare wages and tips				6 Medicare tax withheld			
				7 Social security tips		8 Allocated tips		9 Verification Code			
d Control number 0000001				1,666.64		D 7,300.00					
e Employee's first name and initial, last name and suffix f Employee's address and ZIP code 0000001 FD CATHY COMPTROLLER 9999 SOMEWHERE STREET BALTIMORE MD 21213				10 Dependent care benefits DD 12,084.44		11 Nonqualified plans 12c Code					
				12b Code		12c Code		12d Code			
				13		14 Other STPICKUP 4,149.21					
				Statutory employee <input type="checkbox"/>							
Retirement plan <input checked="" type="checkbox"/>		Third-party sick pay <input type="checkbox"/>									
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	
MD 52-6002033		43,777.73		3,395.32							

Form W-2 Wage and Tax Statement 2018
This information is being furnished to the Internal Revenue Service

Department of the Treasury - Internal Revenue Service

1. Wages subject to Federal income taxes:

The amount shown in W-2 Box 1 is the amount that you report on your Federal Income Tax return. Box 1 does not include the total aggregate health cost amount as shown in W-2 Box 12 (code DD). To reconcile the Federal wages reported in Box 1, subtract only the Federal exempt deductions from year-to-date earnings as shown on your final pay stub(s).

Y-T-D Earnings	59,111.34
Federal Sheltered Deductions	<u>- 15,333.61</u>
Box 1 of W-2	\$ 43,777.73

Total YTD Federal tax sheltered deductions:

Pharmacy Plan	689.12
UCC Dental DPPO	232.80
Depn Care Acct	1,666.64
St Emp Alt Pen	4,149.21
401(k) Save	7,300.00
CF BCBS EPO (Health)	<u>+ 1,295.84</u>
Federal Sheltered Deductions	\$ 15,333.61

~ If you claimed EXEMPT from taxation, you may still have federal wages reported in Box 1. ~

2. Wages subject to FICA taxes

Deferred compensation and retirement/pension contributions are subject to Social Security and Medicare (FICA) tax. The amount of 401(k) (in this case \$7,300.00) is shown in Box 12a of the W-2 [along with a federal identification code]. Federal identification codes are located on the back of W-2s. The retirement/pension contribution of \$4,149.21 is exempt from federal, but not FICA. To reconcile the FICA wages reported in Boxes 3 and 5, subtract only the FICA exempt deductions from year-to-date earnings shown on your final pay stub.

Y-T-D Earnings	59,111.34
FICA Sheltered Deductions	<u>- 3,884.40</u>
Boxes 3 and 5 of W-2	\$ 55,226.94

Total YTD FICA tax sheltered deductions:

Pharmacy Plan	689.12
UCC Dental DPPO	232.80
Depn Care Acct	1,666.64
CF BCBS EPO (Health)	<u>+ 1,295.84</u>
FICA Sheltered Deductions	\$ 3,884.40

3. Wages subject to State income taxes

To reconcile your W-2 Maryland state wages Box 16 to your YTD amount on your final pay stub, use the method listed below. In most cases, Boxes 1 and 16 will display the same wage amount. You will need to add Box 1 Federal wages, Box 14 State Pickup, and Maryland Sheltered Deductions. State Pickup retirement/pension contributions are exempt from Federal taxation, but are taxable for State.

Box 1 of W-2	43,777.73
Box 14 of W-2 (STPICKUP)	+ 4,149.21
Maryland Sheltered Deductions	<u>+ 11,184.40</u>
Y-T-D Earnings	\$ 59,111.34

YTD Maryland tax sheltered deductions:

Pharmacy Plan	689.12
UCC Dental DPPO	232.80
Depn Care Acct	1,666.64
401(k) Save	7,300.00
CF BCBS EPO (Health)	<u>+ 1,295.84</u>
Maryland Sheltered Deductions	\$ 11,184.40

YTD retirement/pension contributions:

St Emp Alt Pen	\$ 4,149.21
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~ If you claimed EXEMPT from taxation, you may still have state wages reported in Box 16. ~

4. Total Health Cost (Box 12 Code DD)

The total includes certain types of health plans such as EPO medical insurance, POS medical insurance, PPO medical insurance, pharmacy insurance and their related subsidy costs that your agency paid on your behalf. This does not include dental insurance/subsidy or any other health benefits. This is for informational purposes only. **The amount reported using code DD is not taxable!**

Box 12 of W-2 (Code DD)	12,084.44
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YTD Reportable Health Costs:

Pharmacy Plan	689.12
CF BCBS EPO (Health)	1,295.84
Pharmacy Sub	2,756.64
Health Ins Sub	<u>+ 7,342.84</u>
Total Health Cost	\$ 12,084.44

5. You may be eligible for an Earned Income Credit!

The earned income credit (EIC) is a tax credit for certain people who work and have earned income below a certain amount. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe. The EIC may also give you a refund. For 2018 income limits and more information, visit www.irs.gov/eitc. Also see Publication 596, Earned Income Credit. **Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.**

Verify Your Tax Preparer!

If you use a paid tax preparer in Maryland, other than a CPA, Enrolled Agent or Attorney; make sure the preparer is registered with the Maryland Board of Individual Tax Preparers.

TAX PREPARERS

Check the REGISTRATION SEARCH on the Department of Labor, Licensing & Regulation website www.dllr.state.md.us/license/taxprep

CPAs

Check the LICENSE SEARCH for CPAs on the Department of Labor, Licensing & Regulation website www.dllr.state.md.us/license/cpa

ATTORNEYS

Check the ACTIVE STATUS for attorneys on the Maryland Courts website www.mdcourts.gov/lawyers/attylist.html

Getting Filing Help!

State (Phone). Comptroller of Maryland's Taxpayer Service **(410) 260-7980** or **(800) MD-TAXES** is available 8:30 a.m. - 4:30 p.m. Monday - Friday. From February 1 to April 15, 2019, hours are extended 8:30 a.m. - 7:00 p.m. (except State Holidays).

State (Email). Email your tax questions to Comptroller of Maryland's Taxpayer Service **taxhelp@comp.state.md.us**. Please include your name, address and last 4-digits of Social Security Number to generate a quick response to your inquiry.

Federal (Phone). For federal filing questions, please call IRS **(800) 829-1040**.

Keep this information with your tax records.

iFile To Save Time, Money and Frustration!

More *than* 2.4 million Maryland taxpayers filed their tax return electronically last year. Join this group of satisfied customers this year and make filing easier than ever!

Millions of Marylanders can learn how easy, safe and fast it is to file their taxes for free by going to www.marylandtaxes.gov. Best of all, filers expecting a refund that utilize direct deposit can have their money deposited in their bank account within 72 hours after acknowledgment from the Revenue Administration Division and after their return is accepted. Select the *iFile* icon on the Comptroller's website for more details.

Electronic filers also get the added benefit of extra time to pay. Taxpayers who owe, file their returns electronically by April 15, and pay electronically (credit card or direct debit) now have until April 30 to pay. Those who submit their return electronically and pay by check, still need to file by **April 15, 2019**.



Thank you for visiting our Web site.